

1 BEFORE THE TAX CREDIT REVIEW COMMISSION
2 STATE OF MISSOURI
3
4 NOVEMBER 16, 2012
5 MISSOURI TAX REVIEW CREDIT COMMISSION HEARING
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18 (Starting time of hearing: 1:13 a.m.)
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1 BEFORE THE TAX CREDIT REVIEW COMMISSION
2 STATE OF MISSOURI

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4 NOVEMBER 16, 2012

5 MISSOURI TAX CREDIT REVIEW COMMISSION MEETING
6 held at the
7 University Club of MU
8 107 Conley Avenue
9 Columns C Room
10 Donald W. Reynolds Alumni Center
11 Columbia, Missouri 65211

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17 BEFORE:

18 Senator Chuck Gross, Co-Chairman
19 Steven Stogel, Co-Chairman
20 Luanna Gifford, Member
21 Penney Rector, Member
22 Melissa Randolph, Member
23 Jim Anderson, Member
24 Pete Levi, Member
25 Mark Gardner, Member
26 Representative Tim Flook, Member
27 David Zimmerman, Member
28 Craig Van Matre, Member (via telephone)
29 Tom Reeves, Member (via telephone)

30 Commission Staff:

31 Chris Pieper, Acting Director Economic Development
32 Jason Zamkus
33 Sallie Hemenway, State Budget Director
34 Division of Business and Community Services

35 Reported by:

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1 (Starting time of hearing: 1:13 a.m.)
2 P R O C E E D I N G S
3 (November 16, 2012)
4 CO-CHAIRMAN GROSS: Let's bring the Tax
5 Credit Review Commission Report -- or Committee to order.
6 Let's start out by taking roll.
7 Co-Chair Chuck Gross is present.
8 Senator Joseph Justice.
9 (No response.)
10 CO-CHAIRMAN GROSS: Senator Robin
11 Wright-Jones.
12 (No response.)
13 CO-CHAIRMAN GROSS: Representative Tim
14 Flook.
15 MR. FLOOK: (Indicating.)
16 CO-CHAIRMAN GROSS: Raising of the hand is
17 not sufficient.
18 Representative Sam Cohen (ph).
19 (No response.)
20 CO-CHAIRMAN GROSS: Jim Anderson.
21 MR. ANDERSON: Here.
22 CO-CHAIRMAN GROSS: Jack Byers.
23 (No response.)
24 CO-CHAIRMAN GROSS: Mark Gardner.
25 MR. GARDNER: Here.

1 CO-CHAIRMAN GROSS: Luana Gifford.
2 MS. GIFFORD: Here.
3 CO-CHAIRMAN GROSS: Bill Hall.
4 (No response.)
5 CO-CHAIRMAN GROSS: David Kendrick.
6 (No response.)
7 CO-CHAIRMAN GROSS: Pete Levi.
8 MR. LEVI: Here.
9 CO-CHAIRMAN GROSS: Alan Marble.
10 (No response.)
11 CO-CHAIRMAN GROSS: Troy Nash.
12 (No response.)
13 CO-CHAIRMAN GROSS: Troy Nash.
14 (No response.)
15 CO-CHAIRMAN GROSS: Somebody just said
16 something. Did somebody say something on the phone there?
17 (No response.)
18 CO-CHAIRMAN GROSS: Troy Nash.
19 (No response.)
20 CO-CHAIRMAN GROSS: Melissa Randol.
21 MS. RANDOL: Here.
22 CO-CHAIRMAN GROSS: Tom Reeves.
23 MR. REEVES: Here.
24 CO-CHAIRMAN GROSS: Penney Rector.
25 MS. RECTOR: Here.

1 CO-CHAIRMAN GROSS: Craig Van Matre.
2 (No response.)
3 CO-CHAIRMAN GROSS: Maybe these guys are
4 muted.
5 Ray Wagner.
6 (No response.)
7 CO-CHAIRMAN GROSS: Todd Weaver.
8 (No response.)
9 CO-CHAIRMAN GROSS: Shannon Webber.
10 (No response.)
11 CO-CHAIRMAN GROSS: Mike Wood.
12 (No response.)
13 CO-CHAIRMAN GROSS: David Zimmerman.
14 MR. ZIMMERMAN: Here.
15 CO-CHAIRMAN GROSS: Quorum is present, so
16 we are in order.
17 And we have minutes?
18 MS. HEMENWAY: We have amendments written
19 up. We have not distributed the minutes. We cannot act
20 on them yet.
21 CO-CHAIRMAN GROSS: So, we will adopt those
22 minutes later in the meeting. So, that was from our
23 initial meeting in Jefferson City when we convened to
24 start this all over again.
25 Co-Chairman report. Mr. Stogel.

1 CO-CHAIRMAN STOGEL: The question, we
2 didn't do the Committee reports.

3 CO-CHAIRMAN GROSS: I don't really have
4 anything to report except for the Committees have been
5 actively working and up-to-date. The purpose of today's
6 meeting is to get an update from those committees. We
7 won't be taking a final vote on a Commission report today.
8 That will happen later.

9 Talk about the scheduling, Steven. You've
10 got that memorized. Slide that off for us.

11 CO-CHAIRMAN STOGEL: Well, here's what
12 we're proposing to the Commission and the schedule. Next
13 Tuesday, there is a call-in so Craig Van Matre can prepare
14 for the Tax Credit and Social Credit Report. A call-in
15 for Commission only. The public call-in number is listed
16 on the website. We'll get the Commissioners a call-in
17 number.

18 Everybody have a good Thanksgiving.

19 On the 27th, Senator Gross will schedule a
20 public hearing for some testimony in Kansas City. We've
21 gotten a lot of incoming requests for -- because of the
22 condensed nature of the November schedule here -- some
23 more public input. On the 27th, we'll be in Kansas City.
24 The Governor's office will be -- at our request -- pushed
25 the delivery date back from December 15th from his chart

2 15th.

3 So, the week of December 3rd, I will
4 discuss where we should have some more public testimony
5 besides Kansas City. And Senator Gross and I will commit
6 to schedule the 3rd and 4th and 5th, and we'll try to get
7 final committee reports in on the 5th so we can get draft
8 report to everybody, at the Commission level, maybe by the
9 weekend or by Monday, and then the Governor a report on
10 the 15th. So, we do have a little more time that will be
11 well before the Christmas holiday.

12 So, thoughts on public hearing and a little
13 more time for the committees would be a good thing. We're
14 going to try to do as much of this by conference call.
15 We'll get, as last time, anybody public -- any public
16 testimony that affects a committee's work, Historic, Low
17 Income, Social Credit will be called out at the hearings
18 and sent to the Committee so that the attendance at some
19 of the public hearings is not required of all the
20 Commissioners. If you're around, great; if not, Senator
21 Gross and I will cover it, but we'll get you the actual
22 transcripts.

23 That's the outline of the schedule we're
24 planning to do.

25 CO-CHAIRMAN GROSS: Everything we do is

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2 transcripts from all the meetings are available

3 approximately one week after that meeting.

4 MR. ANDERSON: Mr. Chairman, question.

5 Most of us were unable to make the public testimony last
6 evening. Do you have -- I could look at the transcript --
7 but the assessment of the testimony last evening?

8 CO-CHAIRMAN STOGEL: Senator Crowell came
9 and talked about the annual appropriations. There were
10 two witnesses who testified about the importance of social
11 credits, particularly keeping the 50 percent benchmark for
12 small donors. And State Representative came to talk about
13 the state of historic tax recognition credit for -- to
14 make sure that there would be no financial impact of Low
15 Income Credits, and Historic Credits were recognized by
16 the Commission.

17 we explained that the 2010 report had a
18 distinction between the mathematical model is not pointed
19 to Social Credits, to Business Credits and for Low Income,
20 and Historic, it was in the netherworld of factor -- all
21 the indirect factors of that program were specifically
22 recognized.

23 And we were there for three-and-a-half
24 hours, but the testimony was 45 minutes.

25 MR. ANDERSON: Sorry I asked.

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1 CO-CHAIRMAN GROSS: No. It was a late
2 notice, but we had enough phone calls to ask for the 10-
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3 day extension on the Governor's post date, so we wanted to
4 give people an opportunity to be there.

5 I think this commission tried to be not
6 only transparent, but last time two years ago -- and we
7 wanted to do this year as well -- but we wanted to make
8 sure there was ultimate responsibility of the public to
9 interact on the part of what was going on. So, thanks for
10 taking that coverage and getting that done.

11 So, we'll start off with Committee reports,
12 unless there's anything else anyone wants to talk about
13 regarding the testimony yesterday and the schedule. And
14 not everybody can stay on the call or in this room, all
15 the time we have scheduled, so let's start with Banking
16 and Insurance with Tom Reeves.

17 CO-CHAIRMAN STOGEL: Tom's got a tight
18 schedule, so, Tom, could you do yours first for Banking
19 and Insurance, and also as the successor chair for the
20 Historic Committee, please.

21 MR. REEVES: Yeah, sure. All right.

22 On Banking and Insurance, we did have a
23 quorum for this subcommittee for the meeting yesterday
24 morning in St. Louis, and had call-in, and we recommended
25 no changes to our previous report on the seven credits

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1 that we reviewed.

2 CO-CHAIRMAN GROSS: Okay. Well, I hope

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3 that's good news.

4 Any -- any questions or comments from
5 Commission members on that report for Tom?

6 (No response.)

7 CO-CHAIRMAN STOGEL: Tom, there was some
8 language last time for Frank Dodd and for Banking and for
9 Obamacare, see where with all that Federal legislation
10 means. I noticed that on the Frank Dodd side, as of
11 earlier this week, only a third of the regulations that
12 were supposed to be out actually have come out. So,
13 passing for a little bit longer, I think, for Obama seems
14 to make some sense.

15 MR. REEVES: Yeah. Particularly with the
16 Missouri Health Insurance Pool Assessment Credit.

17 CO-CHAIRMAN STOGEL: Correct. So, the same
18 logic with 2010 applies, I think we can be enforced. The
19 results of your committee is not a surprise.

20 CO-CHAIRMAN GROSS: Great. If nothing
21 else, then, on to Banking and Insurance.

22 Tom, how about Historic Preservation.

23 MR. REEVES: Okay. We did not have a
24 quorum for our meeting in St. Louis yesterday. So, I
25 don't have an official recommendation that I can bring to

1 the table, but I did have a brief update since this is
2 such a closely-followed topic.

3 we had very good participation and a very
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4 lively and good discussion. And we asked for a little bit
5 more time in order to draft a formal revision to present.
6 There will definitely be revisions. I plan to talk to
7 Co-Chairman Boyers over the weekend and reconvene the
8 subcommittee for a formal vote and with a quorum.

9 As you know, there were a number of
10 technical components to this last report, but I do want
11 the Commission to be aware of some of the highlights.

12 There was a major focus on the dollar
13 amount of the overall cap, and it was clearly stated by a
14 number of the members \$79 million cap that was ultimately
15 recommended did not necessarily reflect the majority of
16 the subcommittee at that time, and there was much
17 discussion about revising it at a higher number.

18 There was also a unanimous concern that
19 this program not be subject to a sunset provision, in
20 order to preserve the business certainty on behalf of the
21 developers, investors, and lenders. Many concerns were
22 expressed -- and actually discussed this morning in the
23 Global Issues Committee this morning -- the fear that this
24 sunset might subject these credits to a whole new
25 discussion and possibly be killed or held hostage in some

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1 unrelated disagreement in the Legislature.

2 And I think the key here is there is a real
3 need for certainty out in the future in order for

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4 investors and lenders and developers to really look
5 forward to a number of these developments. I think the
6 term this morning was used as they don't want this to be
7 collateral damage. So that was a -- that was a big issue.
8 Other issues which most -- there are others
9 that will most likely be revised, and that will include
10 the anti-stacking prohibition as coupled with the Low
11 Income Housing Tax Credits. So, a lot was discussed, a
12 lot was covered, and I think there definitely needs to be
13 a couple more sessions in order to draft some of the
14 revisions that were expressed.
15 I think a lot of what was presented will
16 stay intact, but I think some of the numbers may change,
17 and possibly a couple of other things added.
18 CO-CHAIRMAN GROSS: Okay.
19 MR. REEVES: So, I ask for a little
20 extension in time to be able to do that, and it sounds
21 like we've already gotten that, so that's good.
22 CO-CHAIRMAN STOGEL: That -- we would
23 appreciate that, Tom. We'll let you set your parameters,
24 you know the schedule, but if you could target something
25 by the end of the month, that would be great.

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1 MR. REEVES: Oh, yeah. There won't be any
2 problem with that. I expect to be in touch with Co-
3 Chairman Boyers very soon.
4 CO-CHAIRMAN STOGEL: Tom, that would be

5 great. Thank you for your taking on an additional
6 committee and talking with the crew.

7 I've received quite a few emails coming in
8 from members who wanted to deal with you. We'll make sure
9 those all get forwarded to you. So, because there's quite
10 a few interested parties in this credit, and their input
11 through you should be taken, please.

12 MR. REEVES: Okay.

13 CO-CHAIRMAN GROSS: Any questions for Tom
14 while on the Historic Tax Grid Committee?

15 (No response.)

16 CO-CHAIRMAN STOGEL: And one more update
17 thing in this case. You were there yesterday, Jason.

18 MR. ZAMKUS: I was.

19 CO-CHAIRMAN STOGEL: Do you want to add
20 anything to the process questions?

21 MR. ZAMKUS: No. I believe Tom covered
22 those sufficiently.

23 CO-CHAIRMAN STOGEL: Very good. Okay.

24 CO-CHAIRMAN GROSS: Great.

25 CO-CHAIRMAN STOGEL: All right. Tom, thank

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1 you very much. And thank you for your continued focus
2 here.

3 MR. REEVES: Okay.

4 CO-CHAIRMAN STOGEL: We've got 50 percent

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5 of your committees resolved.

6 MR. REEVES: Thank you.

7 CO-CHAIRMAN GROSS: The next committee
8 report would be Global Issues, and we met this morning.
9 My Co-Chair and I and a lot of people in the room are on
10 that committee.

11 we didn't finalize Committee
12 recommendations, but we've got a long way there, a little
13 bit more work to do on a couple of things. The return on
14 investment, I think we know where we're going but we need
15 some language written on the return on investment. And,
16 primarily, that revolves around the tools that are used on
17 what type of credits and also recognition, as we did in
18 2010, that maybe not all credits benefit from the tools
19 that are currently used to determine their value, and
20 maybe something other than the REMI or even the IMPLAN
21 model should be considered to determine the relative value
22 and to make -- help the General Assembly and the
23 Governor's office make decisions on which of those credits
24 should be supported, I guess I would say anyway.

25 So, anyway, we have language on that issue,

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1 and that, along with one of our issues of cost
2 reasonableness dovetailed, and will be a joint or combined
3 recommendation from our committee.

4 The other piece that will be rewritten
5 sunsets. And, I think, Tom, you just referenced that part

6 of our meeting as well written. In 2010, we had a strict
7 schedule of two years, four years, and six years sunset
8 for various credits. The Committee now is considering
9 language that would not have that rigid of a schedule
10 where there would be a clear sunset of those credits
11 unless they were reauthorized, but rather language that
12 recognizes there needs to be a review of credits, and
13 along with that there should be transition rules and
14 maintain DOR principal to existing deals.

15 Is that a fair statement of that one?

16 CO-CHAIRMAN STOGEL: Okay.

17 CO-CHAIRMAN GROSS: And, other than that,
18 the recommendations from 2010 would go forward at least at
19 this point. While we haven't had a formal vote in
20 committee, there was consensus that those would go forward
21 in the 2012 report.

22 Any questions on Global Issues? Anyone?

23 (No response.)

24 CO-CHAIRMAN GROSS: Then, the next
25 Committee is Economic Development. Pete or Jim.

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1 MR. ANDERSON: Senator, the Committee met
2 -- you were part of that call -- on Monday by conference
3 call, and the Committee reaffirmed its report from 2010
4 with one amendment, and that is related to the Film Tax
5 Credit, and the recommendation is to let the Film Tax

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6 Credit sunset at its time of November of 2013. It's
7 scheduled for sunset at that time, and the recommendation
8 is for that Tax Credit to sunset.

9 That's the only change that the Economic
10 Development Committee is recommending from its 2010
11 report.

12 CO-CHAIRMAN GROSS: You did good work.
13 Your committee finished then?

14 MR. ANDERSON: We are done.

15 CO-CHAIRMAN GROSS: Okay. Excellent. I
16 guess next meeting officially we will receive the reports?
17 Is that the idea? Today is an update, and we'll receive
18 the reports.

19 Any questions for Jim on Economic
20 Development?

21 CO-CHAIRMAN STOGEL: I have one. It's a
22 curiosity question concern participating.

23 Of all the dramatic tax changes in Kansas
24 that are going on, how is that impacting the border war
25 that was discussed in 2010 where Kansas has kind of moved

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1 as many businesses three miles across the border and
2 putting Kansas City in competition with the sovereign
3 state. So, I don't know what's going on on that side of
4 the State, but that was a critical part of the
5 conversation last year, and I know it's going to get more
6 intense as more go to Kansas. It's a Kansas City-focused

7 question.

8 MR. LEVI: It's inflamed, I would guess, is
9 a good description of it in the Kansas City area. There
10 was an attempt amongst some of the CEOs in the community
11 to try to negotiate a cease fire, which did not occur.
12 The State of Kansas has changed some of their tax laws in
13 ways that would make them competitive, more competitive
14 with Missouri. They've eliminated income tax. They
15 lowered the income tax, they made a number of changes in
16 corporate taxes in hopes of influencing more companies to
17 move to Kansas.

18 But, to the credit of the City of Kansas
19 City, Missouri, they really stepped up and have been more
20 competitive than they have been in recent years, and there
21 have been a couple of places of major movements across
22 State lines to the east. So, it is still a major issue,
23 and one that I think the Commission needs to keep in mind
24 in their toolbox as these tax credits are considered.

25 CO-CHAIRMAN STOGEL: Given that the St.

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1 Louis community doesn't have that with East St. Louis.
2 Enough said on there.

3 But to the extent you could think about
4 that, particularly since your -- given your unique roll as
5 prior chair of the chamber, this Commission could help
6 illuminate that border war -- I don't use that correct --

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7 but with Kansas and we could do something affirmative to
8 help Kansas City, I think that's an open question we would
9 leave, if you could.

10 MR. LEVI: The Committee, when we met in
11 2010, spent a lot of time on that issue. As I recall,
12 there's even a statement in there about the fact that this
13 is really important, and the concept of the way the report
14 was put together and rolling up the number of tax credits
15 to make them more flexible was done, I think, in part to
16 be more competitive with Missouri (sic). And we also
17 included a provision in there for a mechanism to do up-
18 front funding which is also an issue that is important in
19 competition.

20 So, we can go back and look at the wording
21 again, but we dealt with it before, Steve, and Sally was
22 very helpful in helping put together some recommendations.

23 CO-CHAIRMAN STOGEL: If Kansas City needs
24 any additional help, we'll be available.

25 MR. LEVI: Okay. Okay.

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1 CO-CHAIRMAN GROSS: Great. Anything else
2 on Economic Development.

3 (No response.)

4 CO-CHAIRMAN GROSS: No.

5 Let's move then to Low Income Housing.

6 Mark.

7 MR. GARDNER: We did not have a quorum, so
Page 18

8 we have no formal recommendations to make. We're going to
9 schedule in the near future a meeting and try to get a
10 quorum. We only had three of the people on our committee
11 actually participate to -- by conference call. I was
12 there physically present.

13 But we did have, I thought, a pretty good
14 exchange and a pretty good expression of the issues. One
15 of the things we talked about was the change in economic
16 conditions, recession, how it's affected -- you know, try
17 to make this fairly short -- but how it's affected low
18 income housing. One of the things that people may not
19 realize is with the massive number of foreclosures that
20 have occurred since 2008 have disproportionately affected
21 lower moderate income people by a large percentage, and
22 they've displaced them.

23 A lot of people that would be classified as
24 low income owned their home in 2008. They had them
25 foreclosed on. They've been displaced. The need for

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1 affordable housing has actually increased, not decreased,
2 since 2008, and so that's something we're going to have to
3 address in our committee.

4 We talked about some of the efficiencies
5 again, what can we do to make the program more efficient.
6 One of the things that came up is prevailing wage.
7 Prevailing wage, of course, has been required for projects

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8 in the St. Louis and Kansas City area for as long as I can
9 remember. A year or so ago, it got stuck in the QAP.
10 Nobody seems to really know how.

11 CO-CHAIRMAN STOGEL: Explain QAP.

12 MR. GARDNER: The Qualified Application
13 Plan. That's basically what governs applications for low
14 income housing. It now requires prevailing wage in out-
15 state Missouri. Well, there's no -- really no good
16 measure of what prevailing wage is in out-state Missouri.
17 So, essentially, the prevailing wage in Kansas City and
18 St. Louis got applied to out-state Missouri which resulted
19 in -- in some cases, in Joplin, places like that -- paying
20 laborers four to five times what other laborers in that
21 city were getting paid working on similar jobs.

22 It dramatically inflated the cost of
23 housing. Best estimate is it cost us 20 to 25 percent of
24 the units we couldn't build, simply because we might be
25 paying somebody \$50 an hour for work that they typically

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1 got paid \$15 an hour for. So, anyway, that's a big issue
2 that we are going to discuss in our committee. It does
3 have a dramatic impact, and it is very, very, very
4 disproportionate. Essentially, what happened, the wages
5 in Kansas City and St. Louis got imposed in out-state
6 Missouri and dramatically inflated the cost of housing.

7 we talked a little bit about policy
8 notification and feedback and the need to have the

9 Missouri Housing Development Commission work with
10 developers, which was happening. They were doing a good
11 job of doing that, and we kind of had a little bit of
12 breakdown in communication with the transition of no
13 longer having an Executive Director. That part will be
14 cured some.

15 we talked about kind of a little bit of a
16 shift nationally and locally in what is really being done
17 with affordable housing. Affordable housing started out
18 as something that was work force housing essentially.
19 People who live in affordable housing, contrary to what a
20 lot of people believe, are working people. They're entry-
21 level wage earners who otherwise would be struggling to
22 find a decent place to live. But it's worked for housing
23 for the most part, and these people have jobs. They pay
24 rent. They're not living off the government assistance.

25 There's been some shift nationally as a

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1 policy matter, and MHDC is going to prepare some
2 explanation for me on this as we take this up in
3 committee.

4 There's been a little bit of a shift toward
5 trying to provide housing for what we call special needs,
6 people who otherwise would have a shortage of housing.
7 People who, perhaps, are developmentally disabled, people
8 who were moving from psychiatric care and psychiatric

9 facility into housing before they move on into the general
10 population. And those are some of the special needs we
11 have.

12 And there's been a push nationally to serve
13 that group member. That, of course, impacts. It will
14 only provide work force housing. So, we're kind of torn
15 as an industry trying to serve everybody, and there, as I
16 remember, isn't enough housing to go around to do that.
17 So, we're going to talk a little bit about that in the
18 committee.

19 I don't know that we'll have any change in
20 our report as a result of that. I think -- then we have
21 public comment. We didn't get a lot of public comment.
22 Frankly, I don't think we got any public comment, did we,
23 Sally?

24 MS. HEMENWAY: No.

25 MR. GARDNER: So, anyway, the bottom line

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1 is, without this being official, we finally came to the
2 conclusion that we would stand by the report that we filed
3 with the Commission last time, subject -- of course,
4 that's not official since we didn't have a quorum -- and
5 it's subject to getting further input on some of these
6 issues. We may have some proposed revisions.

7 One of the things, of course, that there
8 is, there was a tremendous disparity between our report on
9 what our recommendation was or tax credits and what the

10 Commission actually did on the Low Income Tax Credit.
11 There was a tremendous cut from what we had recommended to
12 what the Commission recommended. And, also, that's,
13 obviously, an open discussion.

14 I think -- may not recommend this, but said
15 at the time, we got aggressive with the cuts. I think we
16 got too aggressive with Low Income cuts, and when it got
17 to the Legislature it was too aggressive. It was not
18 something that had any opportunity at all of possibilities
19 of being adopted. So, that's where we are.

20 CO-CHAIRMAN STOGEL: I have one thought.
21 You, if I recall correctly, recommended 16 million a year
22 for five years?

23 MR. GARDNER: Our committee had recommended
24 23 for five, and then the Commission came back at 16 for
25 five, and then eliminated 4 percent credit. So, really,

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1 it went from about a hundred ninety-two million in
2 authorized credits down to about a hundred fifteen. I
3 mean, basically, cut the program in half almost.

4 CO-CHAIRMAN STOGEL: Could not lead your
5 committee to come back if you track the legislative
6 dialogues in 2011 and '12 and ask you to think about the
7 10-year stream as opposed to a 5-year stream to unchain
8 into track where the Legislature has been so we can build
9 on that, Mark?

10 MR. GARDNER: I kind of know where the
11 Legislature has been.

12 CO-CHAIRMAN STOGEL: I think that's
13 valuable input, and we should reflect that. There seems
14 to be a consensus not to do a 5-year credit but a 10-year
15 credit, so you might think that in your primary position
16 and then you can set caps on where you would like to
17 recommend to the Commission --

18 MR. GARDNER: And I don't know what the
19 Committee's position on this is going to be, but we had
20 input yesterday that we should stick with the 5-year plan.
21 And I think we should. I personally think we should
22 present it as either 5-year or 10-year plan. I think if
23 we stick with just a 5-year plan then we're going to only
24 have one option, and we need to present the Legislature
25 two options.

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1 CO-CHAIRMAN STOGEL: That could be. You
2 have a premium that you need to come after. We'll
3 consider whatever you bring, but a 5-year plan is more
4 efficient.

5 CO-CHAIRMAN GROSS: I didn't hear any real
6 grousing in the Legislature about the 5-year part of it.
7 It was sort of cost that we were cutting.

8 MR. ZAMKUS: Well, the 5-year plan was
9 originally submitted in a number of proposals, but,
10 ultimately, at the special legislative session it did

11 revert back to the 10-year plan.

12 CO-CHAIRMAN GROSS: Say that again.

13 MR. ZAMKUS: I'm sorry. There was a 5-year
14 proposal, a number of 5-year proposals that were sponsored
15 in the regular session, but when it ultimately come down
16 to the special session, that plan had reverted to the 10-
17 year. It was -- I believe it was a hundred and ten
18 million cap, a hundred fifteen million cap for 10 years.

19 MR. GARDNER: I guess one of the things I
20 never understood in the Legislature, I got some input -- I
21 tried to stay out of that process to a great extent
22 because I sat on the Commission and, as a result, I tried
23 not to get too involved directly in the legislative process
24 on that.

25 But I did get some feedback on the five-

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1 year credit, and we've talked about the conversion from a
2 10 to a 5 and how that creates the bubble in cost which,
3 in turn, is going to, you know, create short-term rate
4 deficit or greater cost to the program on the short term.

5 We're about five years, and when you get to
6 about year six, the total cost to the State starts going
7 down. And I got some feedback on that five year, you
8 know, anything that's going to cost more money, Never.
9 We're not going to do it. Even though it makes sense, it
10 makes a lot of sense, but, I mean, I think -- I think we

11 126282missouritaxcreditreveiwcommission11162012
should still take a shot at it, but I think we have to
12 have our fall back.
13 CO-CHAIRMAN GROSS: I was curious how that
14 played out. Thank you.
15 Anything else?
16 MR. GARDNER: That's it.
17 CO-CHAIRMAN GROSS: Good work. Do you know
18 when you all would meet again, or to be determined?
19 MR. GARDNER: Sally and I talked about
20 that, and we're going to try to get members by conference
21 call. It's hard to get everybody -- it's a long trip to
22 come either here or Springfield, and I think we're going
23 to try to get participation by conference call and we'll
24 just work by nagging everybody to get a quorum.
25 CO-CHAIRMAN GROSS: Fair enough. Anything

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1 else, Mark?
2 (No response.)
3 CO-CHAIRMAN GROSS: Alan Marble, did you by
4 chance make your way to the telephone?
5 (No response.)
6 CO-CHAIRMAN GROSS: All right. Then we
7 will not receive a report on the Agriculture Environment
8 Committee. Did they meet, or what is the status of that
9 committee. Can you give us an update where they are a
10 little bit?
11 MS. HEMENWAY: Yes. And the Ag and

12 Environment Committee did an outreach to the interested --
13 interest -- associated interests groups that surround
14 those credits that are underneath that category. They
15 gave a period of time for comment, for public comment back
16 to the Committee and the members of the committee, and
17 they captured that.

18 They have scheduled a conference call of
19 the Committee for Ag and Environment for 2:00 on the 19th.
20 It is posted on the pcrc.mo.gov website as well as the OA
21 public meetings website, and there is a dial-in number for
22 the public to participate as well.

23 CO-CHAIRMAN GROSS: Okay.

24 What about Distressed Communities. Troy
25 Nash, you're not on the phone, are you?

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1 (No response.)

2 CO-CHAIRMAN GROSS: Troy is not there.

3 Anything on that one?

4 (No response.)

5 CO-CHAIRMAN GROSS: Okay. So, have they
6 met?

7 MS. HEMENWAY: No.

8 CO-CHAIRMAN GROSS: Do we need to do
9 something about planning on that?

10 MS. HEMENWAY: He's disseminated the
11 information that was provided at the initial meeting, and

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12 subsequent to that, most of the information -- or,
13 actually, all of that information is posted up on the
14 website, but I don't know if there is a comment period
15 integrated into his or a -- and I do not know of a
16 scheduled meeting date.
17 CO-CHAIRMAN GROSS: Okay. When you find
18 out, you'll let everybody know?
19 MS. HEMENWAY: Yes.
20 CO-CHAIRMAN GROSS: And, Mr. Stogel,
21 anything on the tax law?
22 CO-CHAIRMAN STOGEL: Yeah. IRS on the
23 State credit level has been quite active for the type of
24 credits that are -- are transferrable as certificates.
25 Counsel advice reissued last fall in the case in Virginia

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1 was decided, and when that tracking has been going on,
2 there's also been the full-fledged at the Federal Historic
3 Tax Credit level, a case called Boardwalk, which basically
4 held that the investor wasn't in, wasn't a partner, and no
5 amount of entire box on the case that that's, if you will,
6 extreme, but has a lot of consternation in the tax parts.
7 And General Electric has a case where it had its
8 partnership unravel with a couple of investor banks.
9 So, the IRS is quite looking in the fabric
10 of this and brings back in sentence the recommendations of
11 the Tax Committee trying to graze the issues of Federal
12 income tax incidents on State tax credits are even more

13 intense and people are looking for different solutions.
14 There's an effort in Washington to try to do it at a
15 Federal level. So, nothing's really changed except that
16 the prediction that it would be a more pressing issue is
17 quite correct.

18 I will also note it's well beyond the scope
19 of the Commission that on a microbasis, the entry -- the
20 integration of the Federal tax code to the State tax code
21 for this purpose, the tax rate is going to be a critical
22 issue next year when Congress takes up tax reform, and
23 because Missouri has an integrated income tax system and
24 extensional portion of the State revenue. So it's a flag
25 issue to the Legislature. The notion of integration

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1 decoupling with the Federal tax law gets to clarify it had
2 a huge swing up or down on the State channel of revenue.
3 And budget predictability is very present in the 24 months
4 of the State, but the Federal tax laws clearly even come
5 in, I'm not sure, maybe next week, but for sure long term
6 in a major way next year.

7 So, State has to be really careful, not
8 just on the tax issue but all issues of the integration
9 issue. It's not something you have for the tax.

10 CO-CHAIRMAN GROSS: As far as a
11 recommendation from that committee, is that something that
12 we're going to see either a repeat of the 2010 or some

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13 changes in that recommendation?

14 CO-CHAIRMAN STOGEL: The 2010 report will
15 be just updated, because the recommendations were correct
16 as to it, and it reinforced, including things like the
17 benefits of the trying to get some clarity either from the
18 State or Federal level on how to do this. So, there's
19 even more reason to address the solutions that were
20 proposed in 2010.

21 CO-CHAIRMAN GROSS: All right.

22 CO-CHAIRMAN STOGEL: I expect the report to
23 be read by about four people.

24 CO-CHAIRMAN GROSS: Yeah. We've read that.

25 CO-CHAIRMAN STOGEL: Together, it's okay.

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1 We're doing it anyway.

2 CO-CHAIRMAN GROSS: All right.

3 And the last two committees, Property Tax
4 and Social Contribution Program Committees. Have -- they
5 are meeting on November 20th?

6 MS. HEMENWAY: It's a full Commission
7 meeting on the morning -- the call on the morning of the
8 20th, and on the agenda is the continuation of the
9 Property Tax Credit report to the Commission and the
10 Social Contribution, because neither Bill Hall or Craig
11 Van Matre could attend this entire call. And, so, they've
12 been allowed an opportunity to present theirs to the
13 Commission on the morning -- from 8:30 to 10:30 on the

14 morning of the 20th.

15 CO-CHAIRMAN STOGEL: We should try to get
16 Ag and Distressed Communities to at least say where they
17 are probably.

18 MS. HEMENWAY: Yes.

19 CO-CHAIRMAN STOGEL: And push toward the
20 end of the month for some resolution.

21 CO-CHAIRMAN GROSS: Okay.

22 Questions on either of those?

23 (No response.)

24 CO-CHAIRMAN GROSS: Next thing we have on
25 the agenda then -- and I would like to take this time to

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1 thank -- thank the Committee chairs and members of all
2 these committees for their continued diligence on getting
3 updated information as we are asked to do for all of these
4 credits and recommendations and so we can finish our job.

5 The next item on our agenda then is Tax
6 Credit Trend Data Report which all of you have on your
7 table, or your seat; and Sally's going to -- we can read
8 this, but she's going to just put generally, two things.

9 MR. LEVI: All of these?

10 MS. HEMENWAY: I brought it to the
11 Commissioner. They'll see the big charts on the screen
12 behind us. Okay.

13 In front of you just as handouts, what you

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14 received is a document that is titled TCRC categories.
15 Looks like this (indicating), a number of boxes on it.
16 okay?
17 what this document shows you is by category
18 -- in other words, by each one of our committees -- the
19 amount of authorized issued and redeemed credits for
20 Fiscal Year '10, '11, and '12, with the subtotals, and
21 then the grand total at the last page. And what then
22 we've done, in addition to this, is what's going to be
23 shown on the screen behind us will be the graphic or graph
24 representations of these inclusions by program and by
25 category, and then in a grand total.

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1 The second document that you will pass out,
2 which is the legal-sized sheet, is just merely the tax
3 credit redemptions for those fiscal years. If you recall,
4 Linda Luebbering, the Director of Budget, the Office of
5 Budget and Planning in the Office of Administration,
6 provided a presentation at the first meeting, and there
7 was a lot of interest. She did her report based on the
8 redemptions because redemptions is when the expenditure
9 actually hits the State.

10 So, there was a lot of interest at that
11 time for us to capture just on one sheet what the
12 redemptions looked like so that you could see the
13 percentage change from year to year for each one of the
14 tax credit programs recorded.

15 CO-CHAIRMAN GROSS: Sally, why are the
16 numbers different on all three years of the redemptions?
17 They're between 7 and 12 million dollars difference.

18 MS. HEMENWAY: That's a good question.

19 CO-CHAIRMAN GROSS: If I end 510, 522 --
20 510, 522 versus 535 and 545, 642 and 649?

21 MS. HEMENWAY: That's an excellent
22 question. I will look and see why it is listed on here,
23 which is not listed on here.

24 CO-CHAIRMAN GROSS: Okay.

25 MS. HEMENWAY: Okay.

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1 CO-CHAIRMAN GROSS: Because I kept hearing
2 629, which is on here, but there's only 622. That's the
3 first thing that caught my --

4 MS. HEMENWAY: Right.

5 CO-CHAIRMAN GROSS: Okay.

6 MS. HEMENWAY: Okay. I'll find that.

7 CO-CHAIRMAN GROSS: Okay.

8 MS. HEMENWAY: Then, behind you, I'll let
9 Chris and/or Jason walk through the graphs. We also have
10 representatives from each one of the programs or the
11 agencies that administer the programs here for technical
12 questions as well.

13 But I'll move --

14 MR. PIEPER: The charts you'll see above

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15 have the authorizations, the issuances, and the
16 redemptions from 2005, 2012. The Co-Chairs were
17 interested in seeing kind of what not only the recent
18 trends in tax credits were but also what has happened for
19 the past seven years. They're up here in a graphic
20 representation by category.

21 You can see here in the Ag and Environment
22 category, the authorizations, the issuances, and the
23 redemptions over that period of time. The source of this
24 information, as well as the information that's in the
25 handouts that you received, is from the Department of

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1 Revenue's quarterly reports. Those reports are -- and
2 there's representatives from the Department of Revenue
3 here that can go into greater detail.

4 But the Department of Revenue collects all
5 of this tax credit information from the various agencies
6 and then produces kind of a, you know, a final report for
7 that quarter. So, if you see here, this is the trend for
8 the Ag and Environment Committees.

9 Moving on to the Banking and Insurance
10 Committee, you can see a, you know, a very different trend
11 in terms of the overall authorizations, issuances, and
12 redemptions over that period of time.

13 Are there any questions about the Banking
14 and Insurance trend?

15 (No response.)

16 MR. PIEPER: If not, I'll move on to
17 Distressed Communities. Distressed Communities includes
18 the Brownfield Tax Credit, the Distressed Area Lane Tax
19 Credits, the New Market Tax Credits, those are some of the
20 larger ones in that particular category.

21 The next category are the Economic
22 Development Committees credits. And, as you can see here,
23 the authorizations grew significantly in 2008, 2009, prior
24 to the recent economic downturn that happened back in
25 2008, 2009. And -- but the issuances and the redemptions

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1 have stayed relatively within the same range over that
2 period.

3 Historic Preservation -- and, by the way,
4 these charts have been circulated to all of the Committee
5 members and the entire Commission, so you can view them at
6 your leisure.

7 Historic Preservation. As you can see,
8 there's been a lot of fluctuation over the seven-year
9 period. One thing to keep in mind is that, in 2009, the
10 Legislature enacted House Bill 191 which, for the first
11 time, imposed a statutory cap on the Historic Tax Credit
12 program. It imposed a cap of a hundred forty million
13 dollars per fiscal year. And, so, you can see that some
14 of these authorization -- authorization levels in prior
15 years, for example, in 2006 of up to 200, you know, in the

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16 230, 240 million dollar range, those can't happen today
17 under current law because of that hundred and forty
18 million dollar cap.
19 Low Income Housing is the next tax credit
20 that's depicted on the chart. Again, you see a spike
21 prior to the recession, and then a decrease following
22 that. Redemptions continue on a relatively -- they
23 continue to grow but, obviously, not as significant as the
24 authorizations grew in '08-'09.
25 CO-CHAIRMAN GROSS: Chris, a number of them

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1 have that spike you're talking about.
2 MR. PIEPER: I could speculate --
3 permission to speculate. I have no basis for this, but, I
4 mean, I think some of that reflects the, you know, the
5 trajectory. It's reflective of the economy and --
6 MR. GARDNER: Talking about the spike of
7 2008?
8 UNIDENTIFIED PERSON: Disaster Credits.
9 CO-CHAIRMAN GROSS: Can you say that again?
10 UNIDENTIFIED PERSON: Disaster Credits.
11 CO-CHAIRMAN GROSS: Okay. But there were
12 other programs we were looking at that had a spike like
13 that.
14 Mark or Jennifer, could probably speak to
15 that?
16 MR. GARDNER: Disaster Credits in 2008. In

17 2006, had a spike, and by 2006, there was a time when the
18 4 percent credit had no cap. I guess, technically,
19 doesn't happen, have a cap.

20 what was the cap on it now?

21 UNIDENTIFIED PERSON: It's 60. Sixty
22 million.

23 MR. GARDNER: Sixty million, now 14 percent
24 credit. '09 had no cap, so it was more heavily used, and
25 it doesn't work as well. So, there's been a big decrease

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1 in the number of 4 percent credits used, and I think
2 that's what that spike in around 2006 was, was an unusual
3 increase in use of the 4 percent credit. And I think the
4 marketplace kind of reacted, because the 4 percent deal
5 just doesn't quite work as well as 9 percent. I think
6 most of that decline would be the reduction of 4 percent
7 credit.

8 And, then, as Jennifer pointed out, that we
9 had the Disaster Credit in 2008-2009 period.

10 CO-CHAIRMAN GROSS: What would cause that
11 increase in statute credits, the flood of '08?

12 UNIDENTIFIED PERSON: Uh-huh.

13 MR. GARDNER: Federal dramatically
14 increased match of Federal credits.

15 UNIDENTIFIED PERSON: We didn't match all
16 of them, but we matched some of them.

17 CO-CHAIRMAN GROSS: Some areas in the
18 State, the '05 flood, they were flooding in '05. That was
19 your number? In '05, we had the Missouri flood. We
20 called it the Missouri flood because that's when we had
21 the backwater. So, okay.

22 MR. GARDNER: Part of that was the economy
23 in 2008, also, Economic Recovery Act or whatever is part
24 of that.

25 So, I guess what I would say, those are a

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1 couple of exceptional circumstances that you can kind of
2 factor out of the graph. Those are just one-time deals,
3 and your graph looks like it has dropped dramatically from
4 those two points.

5 CO-CHAIRMAN STOGEL: And your Community
6 Report, Mark?

7 CO-CHAIRMAN GROSS: Just wondering if it's
8 something related to the stimulus program era, I guess;
9 and, if it was somewhat related to that, is that something
10 that we should consider in terms of the availability of
11 credits in the Missouri sphere of environment where the
12 Federal government is -- I don't know where I'm going with
13 this -- but some correlation may be there that should be
14 considered. Think more about that. Okay.

15 MR. PIEPER: The next credit is the
16 Property Tax Credit, the Senior Citizens Property Tax
17 Credit. As you can see, the reason there's only one line

18 here is because the nature of that tax credit is that it's
19 not actually authorized and issued, it's just redeemed on
20 the tax form. As you can see, there has been some growth
21 in that credit over time, but it has been within that
22 hundred million to hundred twenty million dollar range.

23 Social and Contribution Tax Credits have a
24 -- when I first saw this earlier today, what I thought was
25 striking about it was that the authorization, issuance,

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1 and redemption lines are pretty close in how they track.
2 I think some of that's reflected by the fact that these
3 programs, many of the credits are not transferrable, and
4 so they are authorized, issued, and redeemed in the --
5 often in the same year.

6 And, then, last chart here is a
7 representation of Total Tax Credits over that seven-year
8 period, authorized, issued, and then redemptions. And, as
9 you can see, there is a continued trajectory up, but some
10 dips over the past two or three years, reflective of
11 things related to the economy as well as changes in law
12 and other things, relates to the specific credits.

13 MR. ANDERSON: Do you have an idea of the
14 total of all unredeemed tax credits in the State?

15 MR. PIEPER: The credits that have been
16 issued, authorized and issued?

17 MR. ANDERSON: Yeah.

18 MR. PIEPER: You know, it's hard to pin
 19 down a real precise number there because, you know, as you
 20 know, there are credits that are authorized -- like, for
 21 Historic Tax Credit project, for example, we may authorize
 22 a project, two years later or a year later after they've
 23 done the work, they would come in to get the credits
 24 issued, and then they would have, I guess, up to 10 years
 25 to redeem those issues. So, there's falloff at every

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1 point, you know. Not every credit that's authorized ends
 2 up getting redeemed.

3 So, it's hard to say if it's an authorized
 4 credit that it's, you know, that it will be redeemed. But
 5 I know with some of the larger programs, particularly with
 6 Historic and Low Income Housing, I've heard, you know, a
 7 number that's above a billion, and I've seen estimates
 8 between those two programs that are closer to two billion.

9 But, you know, it's not -- there's not any
 10 real precision, because you don't know how many of those
 11 are going to be redeemed. But, ultimately, if you look at
 12 that as a, you know, as a potential liability, something
 13 that potentially the taxpayers would have to make up for,
 14 there is a significant amount out there.

15 CO-CHAIRMAN GROSS: Yesterday in the public
 16 testimony, the first session, Senator Crowell raised an
 17 issue, he called it unfunded liability to the tune of how
 18 much? Was it a billion and a half? That's what -- is it

19 about a billion and a half, is that what he's talking
20 about?

21 MR. PIEPER: Yeah, particularly with the
22 two largest programs. That's what's outstanding.

23 CO-CHAIRMAN STOGEL: It falls into
24 authorized not yet issued, and then there's like Low
25 Income stuff that's five years out with authorized issued

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1 but not yet redeemed, and some of those credits, like non-
2 transferrable tax credits never get redeemed. There is
3 the Historic where some of the unauthorization and, sure,
4 probably everything happened. But, subject to huge
5 disclaimer, again, the number can be put together.

6 MR. LEVI: Just magnitude of questions.

7 CO-CHAIRMAN STOGEL: We'll look into it.
8 It's one I've asked and gotten some with the answers, but,
9 again, with all the disclaimers would be a good
10 information.

11 MR. LEVI: Good number to add.

12 CO-CHAIRMAN STOGEL: Good number to
13 appropriately put into for discussion.

14 CO-CHAIRMAN GROSS: Sally has an answer to
15 the discrepancy between the two reports. Sally.

16 MS. HEMENWAY: Our Tax Credit Review
17 Committee report, which is the authorized issues redeemed
18 by category, is those credits that this Tax Credit Review

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19 Commission under took in its evaluation. There were some
20 job training programs that are not true credits that are
21 always included in our Form 14s that such as new job
22 training and retained jobs and customized training that
23 are listed on here that accounts for the difference in the
24 numbers when you see the authorized, issued, and redeemed.
25 So, the reason why the Tax Credit Review

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1 Commission did not entertain the job training is because
2 they are not true tax credits. They're a mechanism to
3 divert withholding taxes, but not by issuing a tax credit
4 or by allowing a deduction on a tax form. So, that's the
5 difference.
6 CO-CHAIRMAN GROSS: Thank you.
7 Anything else on that item?
8 (No response.)
9 CO-CHAIRMAN GROSS: The next item on our
10 agenda is Legislator testimony, new members of the
11 Legislature. So, in case I'm not recognizing someone from
12 the Legislature that is here that would like to testify,
13 or if there's a Legislator on the phone that would like to
14 testify, let us know now or hold your peace.
15 (No response.)
16 CO-CHAIRMAN GROSS: Okay. I'm seeing none.
17 That is the last of our real meat for the
18 Committee. So, for those who need to leave, now would be
19 the time to leave. I'm going to stay here because we

20 allowed for additional public testimony; and, certainly,
21 you're encouraged to stay or welcome to stay who's on the
22 Commission, but it's not required.

23 Steven.

24 CO-CHAIRMAN STOGEL: We also want to thank
25 all the Commissioners for coming and participating by

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1 phone, and we have work yet to be done and you now have a
2 schedule. So, thank you very much for being here and
3 tracking through the December 15th final report.

4 CO-CHAIRMAN GROSS: Other than that --

5 MR. LEVI: Thanks to the Staff for putting
6 together good information.

7 CO-CHAIRMAN STOGEL: We couldn't function
8 without Staff when it comes down to CD, and thank you for
9 Sally and Jason.

10 CO-CHAIRMAN GROSS: How about the Acting
11 Director of the Department of Economic Development?
12 Anything you want to throw in there?

13 MR. PIEPER: I have nothing to add. Just
14 that there's an additional opportunity for public
15 testimony input today.

16 CO-CHAIRMAN GROSS: I'll stay here until
17 the room's empty, to allow that to happen.

18 So, on behalf of the Commission, we thank
19 everyone for their participation and work on this,

20 Commissioners as well as Staff and those in the audience.

21 Again, I'm not going to adjourn the
22 Commission meeting until we feel that all the public
23 testimony that wanted to come forward is completed, but
24 everyone is welcome or free to leave if you need to do
25 that now.

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1 If there's anyone in the audience that
2 would like to present to the Commission, please come
3 forward now. You're free to not only make comments but
4 also to submit written testimony, and just give that to
5 any of the Staff.

6 MR. HART: My name is Bill Hart with the
7 Missouri Reservation. I do have a prepared statement.

8 CO-CHAIRMAN GROSS: Very good. Bill, you
9 have three minutes. Proceed.

10 MR. HART: Just basically to summarize my
11 comments are that throughout the State of Missouri,
12 especially in out-state Missouri, the areas that I serve,
13 the Tax Credit program, the Historic Preservation Tax
14 Credit Program has proven that historic preservation
15 doesn't simply support economic development. In a lot of
16 smaller communities, it is the economic development, and
17 that it doesn't happen only in Kansas City and St. Louis.
18 Or the big projects are, and -- excuse me -- especially in
19 the smaller towns, Poplar Bluff, Farmington, St.
20 Genevieve, you know, where projects are typically below --

21 with their small deals, below the \$275,000 tax credit
22 limit for the small projects.

23 Those go -- the impact is sometimes more
24 essential in those communities, more essentially needed,
25 and investments on the local economies are even more

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1 pronounced and produce more of a ripple effect.

2 CO-CHAIRMAN GROSS: Okay.

3 MR. HART: Thank you.

4 CO-CHAIRMAN GROSS: Very good.

5 Any questions?

6 (No response.)

7 CO-CHAIRMAN GROSS: No. Thank you for
8 being here.

9 Anyone else that would like to testify
10 before the Commission at this time?

11 (No response.)

12 CO-CHAIRMAN GROSS: I think we are free and
13 clear to adjourn. So, if -- there's a motion from Luana
14 and -- and second from Penney. We are adjourned.

15 Thank you all.

16 (Adjournment.)

17 (Whereupon, the record ended at 3:17 p.m.)

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1 C E R T I F I C A T E

2 STATE OF MISSOURI)
3 COUNTY OF COLE) ss.

4 I, Pamela S. Gentry, Certified Court
5 Reporter with the firm of Midwest Litigation Services, do
6 hereby certify that I was personally present at the
7 proceedings had in the above-entitled cause at the time
8 and place set forth in the caption sheet thereof; that I
9 then and there took down in Stenotype the proceedings had;
10 and that the foregoing is a full, true and correct
11 transcript of such Stenotype notes so made at such time
12 and place.

13 Given at my office in the City of
14 Jefferson, County of Cole, State of Missouri.

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Pamela S. Gentry, CCR #426

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